

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

August 12, 2011

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

Consent to Lease of Lands under Governor's Executive Order No. 4345 to Hawaii
Housing Finance and Development Corporation, Kakaako, Honolulu, Oahu, Tax
Map Key: (1) 2-1-051:042 & 043

CONTROLLING AGENCY (of subject executive order):

Hawaii Housing Finance and Development Corporation (HHFDC)

APPLICANT (requesting lease):

Halekauwila Place, LP, a domestic limited partnership

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes, as amended.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: Kakaako Community Development District-Public

TRUST LAND STATUS:

Section 5(a) and 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Governor's Executive Order No.4345 to Hawaii Housing Finance and Development
Corporation for Halekauwila Place Affordable Family Rental Housing Project purposes.

LEASE TERMS & CONDITIONS:LOCATION:

Portion of Government lands situated at Kakaako, Honolulu, Oahu, identified by Tax Map Key: (1) 2-1-051:042 & 043 as shown on the attached map labeled **Exhibit A**.

AREA:

1.249 acres, more or less.

CHARACTER OF USE:

For Halekauwila Place Affordable Family Rental Housing Project Purposes

TERM:

75 years, commencing April 4, 2011 and expiring on April 30, 2086.

RENT AMOUNT:

\$ 1 per annum.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment of the subject housing project was published on The Environmental Notice dated June 8, 2010.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>x</u>	NO <u> </u>
Registered business name confirmed:	YES <u>x</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>x</u>	NO <u> </u>

REMARKS:

The subject parcel was a portion of the former Pohukaina School lot. In the past, there were actions setting aside the parcel to the State agency responsible for providing affordable housing and consent on leases to be signed between the developer and the State agency. However, due to various reasons, the housing project simply did not start any construction.

On July 14, 2000, item D-1, the Board authorized the set aside for senior housing project with assisted living and/or health care/support purposes. On April 27, 2007, item D-13, the Board gave its consent to the 65-year lease between HHFDC and the developer.

Recently, the developer commenced application for Federal Housing Administration (FHA) 221d(4) financing through the U.S. Department of Housing and Urban Development for the project. As a condition imposed by the FHA financing, the developer is required to obtain a 75-year lease. By its letter at **Exhibit B**, HHFDC requests the Board's consent to extend its lease with the developer for an additional 10-year period.

171-36(a)(2), HRS states, "No lease shall be for a longer term than sixty-five years, except in the case of a residential leasehold which may provide for an initial term of fifty-five years with the privilege of extension to meet the requirements of the Federal Housing Administration, Federal National Mortgage Association, Federal Land Bank of Berkeley, Federal Intermediate Credit Bank of Berkeley, Berkeley Bank for Cooperatives, or Veterans Administration requirements; provided that the aggregate of the initial term and extension shall in no event exceed seventy-five years."

The lease is consistent with the purpose of the Governor's Executive Order No. 4345. There are no other pertinent issues or concerns and staff has no objection to the request.

RECOMMENDATION:

That the Board consent to the 75-year lease between Hawaii Housing Finance and Development Corporation and Halekauwila Place, LP, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

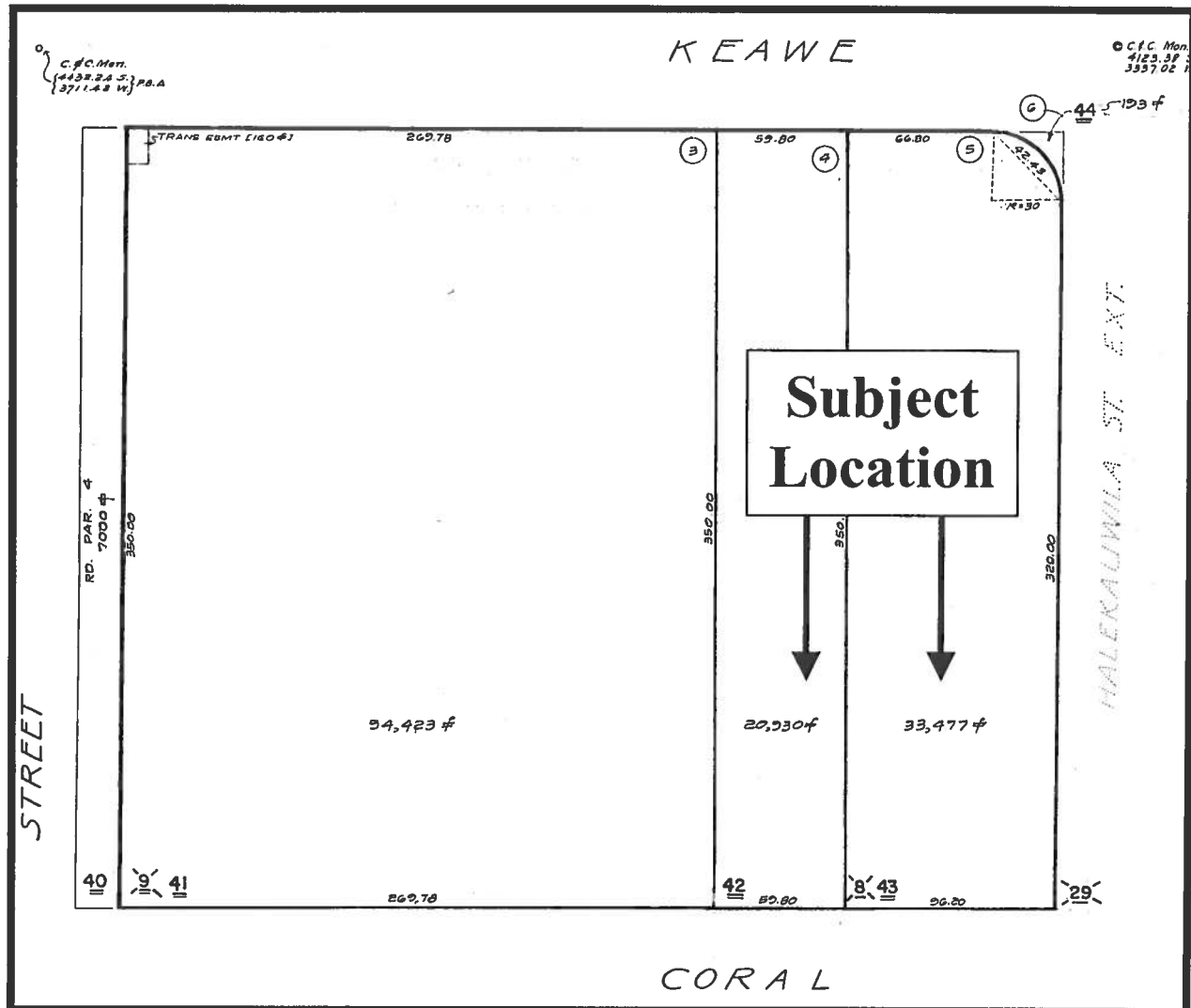
Respectfully Submitted,



Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:


William J. Aila, Jr., Chairperson



TMK (1) 2-1-051:042 & 043

EXHIBIT A

70012

NEIL ABERCROMBIE
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

Honolulu, Hawaii 96813

FAX: (808) 587-0600

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DEPT OF LAND & NATURAL RESOURCES
STATE OF HAWAII

IN REPLY REFER TO:

11:DEV/0086

July 6, 2011

Memo to: William J. Aila, Jr., Chairman
Board of Land and Natural Resources

From: Karen Seddon
Executive Director *Kam*

Subject: Request For Consent to Extend Ground Lease With Developer
Halekauwila Place
Kakaako, Oahu, Hawaii
TMK (1) 2-1-051: 042 & 043

DEPT OF LAND & NATURAL RESOURCES
STATE OF HAWAII

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LAND DIVISION

The Hawaii Housing Finance and Development Corporation (HHFDC) received a set aside of the property for the above subject Halekauwila Place affordable family rental housing project in Kakaako, Oahu, Hawaii, TMK (1) 2-1-051: 042 & 043, by Governor's Executive Order No. 4345 dated November 29, 2010.

In accordance with approval by the Board of Land and Natural Resources (BLNR) dated April 27, 2007, as amended, a Ground Lease at \$1/year for 65 years was executed with Halekauwila Place, LP for the development and operation of 204 affordable family rental units (one unit may be converted into a resident manager's unit) on April 4, 2011; recordation of the Ground Lease at the Bureau of Conveyances of the State of Hawaii is pending with the developer. Halekauwila Place, LP is a Hawaii limited partnership, which is required for the project's tax credit financing. The General Partner of Halekauwila Place, LP, is Halekauwila Partners LLC.

In addition to tax credit financing, the developer is pursuing FHA 221d(4) financing (FHA Loan) which requires a 75 year lease. To satisfy the requirements of the FHA Loan, HHFDC requests for BLNR's consent to extend HHFDC's Ground Lease with Halekauwila Place, LP by 10 years to a 75-year term for no additional consideration.

Your favorable consideration of this matter is requested.

EXHIBIT "B"

Memo to: William J. Aila, Jr., Chairman
July 6, 2011
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Should there be any questions or comments regarding this matter, please contact Stan S. Fujimoto, Project Manager, at 587-0541.

c: Halekauwila Place, LP